State/Cnty CUT & SEIZED PRODUCTS, SALVAGE AND CHARITABLE TIMBER SALES

Cut Products

The sale of cut forest products are subject to the same guidelines and approvals, as stumpage sales with the following exceptions:

- 1. Timber Sale Description, (Items 1-14) on Form 2460-1 is not required;
- 2. Use of a performance bond for cut or seized products is at the discretion of the property superintendent. The decision should be guided by the contract provisions and potential for damages.

Approval requirements should be based on cut product value and not on their stumpage value. Appraised value should be established by comparison to other transactions in the area of similar quality cut products. Full payment in advance must be obtained from the buyer before any cut products are removed.

State Salvage

Section <u>26.22</u>, Wis. Stats., grants the Department authority to sell timber damaged by fire, snow, hail, ice, insects, disease, or wind on any land under the Department's jurisdiction in the method and upon such terms and conditions it deems in the best interest of the state. This includes the sale of timber on a Forest Products Permit (Form <u>2460-8</u>), the sale of timber without advertisement or competitive bidding if warranted, or the inclusion of timber on an ongoing sale. A significant potential loss of timber value could warrant use of this modified procedure.

County Section 28.11(6)(c), Wis. Stats., grants the county forest Committees the authority to sell timber damaged by fire, snow, hail, ice, insects, disease, or wind on county forest land in the method and upon such terms and in such manner it deems in the best interest of the county. This includes the sale of timber without advertisement or competitive bidding if warranted, or the inclusion of timber on an ongoing sale.

State/Cnty Adjustment of stumpage values may be necessary when existing sale areas are damaged by wind or fire before the sale is completed. Fill out a new stumpage appraisal for the damaged timber. Compare the new factor with the old. Adjust current stumpage values proportional to the change in appraisal factors.

Seized Products

Seized material may be sold pursuant to section <u>26.06</u>, Wis. Stats. Products appraised at more than \$500 shall be advertised and sold on sealed bids after a Class 1 legal notice.

State/Cnty Charitable/Educational Timber Sales

Log a Load for Kids and other such charitable programs partnering with Forestry are permissible with some reservations. Only one such event may be held annually on a property. Property managers and County Forest Administrators are encouraged to employ the competitive bid process and also to harvest areas typically difficult to sell or those classified as salvage. Section 28.05(2), Wis. Stats. allows for use of direct sales if the estimated value of the sale does not exceed \$3,000. The benefits of education and partnership efforts and assisting others are sound reasons to use the direct sale process. The state must collect timber sale stumpage as the statutes do not allow for a waiver. Counties remain liable for severance tax owed both the state and the towns.

It is permissible to conduct such a program on a sale currently under contract so long as:

- All of the provisions of the contract remain in effect (e.g. Worker's compensation, operational specifications, payment schedules, stumpage rates/increases)
- Original purchaser of the sale retains responsibility for satisfactory sale completion and any impacts to the sale performance bond.